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United States Senate

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November 5, 2015

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Dear Chairman Wheeler:

In light of issues raised regarding Sandwich Isles Communications (SIC), I want to make sure that the FCC closely monitors the potential impacts on SIC's customers.

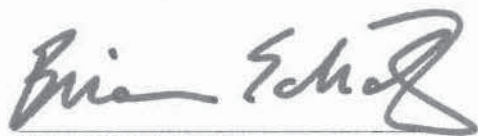
In a September 2015 ruling, the Hawaii Public Utilities Commission (PUC) rejected SIC's bid for recertification as a telecommunications carrier eligible to receive federal financial support from the Universal Service Fund due to concerns that the company was not using federal funds "...for the provision, maintenance and upgrading of facilities and services for which support is intended." I understand that Hawaii's PUC ruling follows the FCC's decision to suspend federal funds while the Universal Service Administrative Company conducts an audit of the company.

I fully support the PUC's decision and the FCC's actions related to SIC. The Commission must continue efforts to combat waste, fraud and abuse of the Universal Service Fund. In fact, the FCC's recent public notice on this issue is an important reminder to companies that they have a moral and legal responsibility to ensure that public dollars are used as effectively and efficiently as possible.

Parallel to these actions however, we must also strive to ensure uninterrupted service to SIC's customers. I am writing to request that you commit to using all of the FCC's statutory and regulatory powers to protect consumers and prevent the disruption of services to SIC's customers during and beyond the audit.

I would appreciate your personal attention to this matter. Improving accountability in the industry and ensuring on-going services to all consumers is of critical importance to the FCC's universal service mission.

Respectfully,



BRIAN SCHATZ
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 15, 2015

The Honorable Brian Schatz
United States Senate
722 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Schatz:

Thank you for your inquiry regarding Sandwich Isles Communications (SIC) and the potential impact on SIC's customers. I share your concern about ensuring uninterrupted service to these customers, even as the Commission continues to take action to protect and maintain the Universal Service Fund. Thank you for supporting the Commission in its efforts to remind companies of their obligations to use finite universal service dollars for costs directly related to deploying and providing service to consumers in high-cost areas.

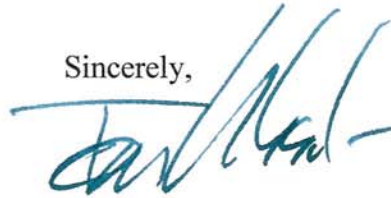
The Commission has encountered situations in the past where an incumbent telephone company has experienced financial difficulties. In such situations, the Commission works with all stakeholders, including the company and the state regulatory commission and, if ultimately necessary, with the companies' creditors and the bankruptcy court, to maintain service to customers. Typically, such situations are resolved through restructurings or acquisitions with no interruption in service. Currently, we have reached out to the Hawaii Public Utilities Commission, and we recently met with the Sovereign Councils of Hawaii Homelands, a coalition of 28 Hawaiian Homestead Associations representing the interests of families and individuals living in the Sandwich Isles. We take seriously the needs of those living in the Hawaiian Homelands and will do everything within our full authority to protect SIC customers.

In addition to our ongoing discussions with relevant state and local parties, section 214 of the Communications Act of 1934, as amended, specifically requires that carriers obtain Commission authorization before they discontinue, reduce, or impair service to a community or part of a community. Carriers are also required to submit a copy of their application to the Secretary of Defense, and the public utility commission and Governor of each state in which the discontinuance, reduction, or impairment of service is proposed. This requirement applies to a variety of circumstances – whether the discontinuance is due to changes in a company's business plan, bankruptcy, or even the complete dissolution of a company's business. To protect consumers, the Commission requires prior notice to customers and a reasonable amount of time for customers to transition to alternative providers prior to any discontinuance of service. The Commission has considerable discretion in acting upon any carrier request to discontinue, impair, or reduce service.

Currently, SIC is providing services as an incumbent local exchange carrier and dominant provider. If SIC were to file a request for discontinuance of services, the Commission would consider whether any customers would have difficulty in transitioning to alternative services. If it is shown that SIC customers or other end users would be unable to receive service or a reasonable substitute from another provider, or that the public convenience and necessity would be otherwise adversely affected, the Commission can delay a planned discontinuance until alternative measures can be put into place. I assure you that the Commission will use all of its statutory and regulatory powers to ensure uninterrupted service for SIC customers.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized flourish extending to the right.

Tom Wheeler